



BusinessMatters

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The VEC Launches Superhero Marketing Campaign

Let Our Team Help Yours

The VEC has sent out the first mailing of a multi-tier marketing campaign, aimed at non-government employers with 10 or more employees in Virginia. Our goal is to build new relationships with you, our employers. Our objectives are to increase your awareness of the VEC's multitude of services and encourage you to utilize these services, which are funded by your federal unemployment taxes.

The VEC has one of the largest pools of qualified workers in the Commonwealth. We have a wide array of talented job seekers, from experienced

executives and skilled managers, to youths looking for their first job. Educated, highly skilled, highly trained individuals impacted by a changing economy are diligently pursuing employment options with businesses such as yours.

You should have received a letter from the Governor endorsing the VEC's services.

If you returned the postcard in the Governor's letter,

you will be receiving a letter from Dee Esser, Commissioner of the VEC, with

information on the services we provide, and an offer for a free copy of *Raving Fans, A Revolutionary Approach To Customer Service*. *Raving Fans* uses a brilliantly simple and charming story

We can work wonders for you!

Let Our Team Help Yours!



www.VaEmploy.Com



to teach how to define a vision, learn what a customer really wants, institute effective systems, and make *Raving Fans* service a constant feature—not just another program-of-the-month.

The VEC is different from private employment agencies.

We have partnerships that can help you tap into new sources of qualified employees. Why not take advantage of these services? Again, this campaign is designed to inform and remind you that our team is ready to help yours! **We can work wonders for you!**

Message from the Commissioner



In this issue of *BusinessMatters* you will learn more about the VEC's Marketing Campaign that has recently been launched. We are your employment agency, publicly funded specifically and exclusively with employer tax dollars. The services we offer to you are available at no additional fee. Services include demographic information on the current workforce, employment projections for specific occupations, and a public employment service available for your business recruiting.

You will also find updates on recent changes in laws affecting employers and the VEC due to actions by the last session of the General Assembly. I hope this information is helpful to you.

If you have suggestions for future articles, please e-mail joyce.fogg@vec.virginia.gov.

I wish you all a happy holiday season and a very prosperous New Year!

Dee Esser

If you would like to subscribe to this newsletter or make an e-mail address change, simply e-mail joyce.fogg@vec.virginia.gov.

Legislation Affecting Employers and the VEC

The 2004 General Assembly approved several measures that may be of interest to Employers. *The following laws became effective on July 1, 2004:*

Incarcerated Employees: Legislation introduced by Delegate Hogan would disqualify for unemployment compensation inmates participating in the Diversion Incarceration Center Program who are required to relocate as a condition of parole or release. In addition, jobs would not be taxable for the purpose of unemployment compensation, so employers would save on taxes; and wages earned while working in a Diversion Incarceration Center Program would not be included in the inmates' base period wages. Employers who hire participants in a Diversion Incarceration Center Program will need to remember that if the employee continues to work at the same job after release, the employee's wages become taxable again as of the date of release.

In many cases, when an employee is convicted and serves time in a local work-release program, employers will continue to employ the individual during incarceration. This employee will continue to be taxable and will continue to be eligible for benefits if, as a condition of parole or release, he or she is required to move. ONLY inmates incarcerated participating in the Diversion Incarceration Center Program established under §19.2-316.3 are considered non-taxable and are ineligible for unemployment insurance benefits.

Penalty for Failure to File Wage Reports: The penalty for failing to file quarterly wage reports with the Virginia Employment Commission has increased from \$30 to \$75. This penalty has been \$30 since 1976. If the penalty amount had been increased to account for inflation, it would now be \$97. The percentage of employers who are late filing wage and tax reports has increased steadily over the past few years, from 11.7% in FY 2000 to 18% in mid-2003. The agency proposed increasing the penalty amount to provide greater incentive to file timely reports.

Since the penalty is only assessed for filing late wage reports and does not apply to late payment of taxes, employ-

ers are advised to file their wage reports on time in order to avoid the increased penalty, even if they cannot pay their unemployment insurance taxes at that time. The penalty may be waived if the employer can show good cause for not filing the reports when due.



Business Closures Due to Disaster: Senator Blevins introduced legislation to provide that if a business closes temporarily due to a disaster, then any unemployment benefits as a result of the closure will not be charged to the employer's experience rating, but will instead be assessed against the pool for unassigned benefit charges. The maximum period for which benefits may be charged against the pool in these cases

is four weeks. This bill was prompted by the aftermath of Hurricane Isabel but would also apply to disasters such as the September 11, 2001, terrorist attacks.

Workforce Development: Legislation introduced by Senator O'Brien creates the position of Special Advisor for Workforce Development, who reports directly to the Governor. The Special Advisor will have policy and program responsibilities for several federal and state workforce training programs and resources administered within several different state agencies, including the VEC. The bill also requires the Special Advisor to develop standard reporting formats providing a summary comparison of the per person costs for each drug treatment or job training program, a comparative rating of each program based on success in meeting program objectives, and an explanation of the extent to which an individual agency's appropriation requests incorporate the data reflected in the summary cost comparison and the comparative rating.

U.S. Congress Approves Legislation to End Unemployment Insurance Tax Evasion

The U.S. Congress passed the SUTA Dumping Prevention Act of 2004 that bans the use of tax schemes by companies to avoid paying their fair share of unemployment insurance taxes.

SUTA dumping occurs when employers take deliberate action to disguise their true unemployment experience for the purpose of evading unemployment insurance taxes. Most frequently, it involves the use of questionable merger, acquisition or restructuring schemes to manipulate unemployment insurance tax rates. The SUTA bill would require each state to enact conforming legislation that would prevent corporations from engaging in this deceptive practice, develop detection tools, and enforce

the law. It also imposes penalties on violators and promoters.

In testimony to the U.S. House Ways and Means Committee, the U.S. Department of Labor indicated the practice could be costing state insurance trust funds billions of dollars. SUTA dumping reduces state trust fund receipts and shifts a disproportionate share of the unemployment compensation tax burden to more ethical employers.

The VEC hopes to include SUTA dumping legislation in the administration's 2005 legislative package to bring Virginia's laws into conformity with the new federal requirements.